GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Infrastructure & Investment Department - AP Gas Infrastructure Corporation (APGIC) - Settlement of Exploration of hydrocarbons in SRI-I well - Product sharing Contract between Consortium members APGIC & ONGC - Dispute relating to non-payment of unfinished work programme (CoUMWP/liquidated damages by the Contractor - Settlement offer by CEEE - Administrative Sanction to APGIC for payment of USD 53,700 (Rs.44,65,692/-) to Directorate General of Hydrocarbons - Orders - issued.

INFRASTRUCTURE AND INVESTMENNT (AIRPORTS) DEPARTMENT

G.O.Rt.No.5.

Dated 23-01-2024.
Read the following:-

1. From the MD, APGIC e-office file No. DOP-12047(31)/17/2023-EST-DOP Computer No. 2203859.
2. From the MD APGIC Lr. No. 7/APGIC/2023, dated 20.12.2023.

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ORDER:

In the letter 1st read above, the MD, APGIC has stated that the Shallow water Block KG-OSN-2009/2 covering an area of 1471 Sq.Km., situated in Krishna Godavari (KG) Basin, off the East Coast of India in shallow waters, off Ongole coast, was awarded under NELP-VIII round to the Consortium of ONGC (90%) and APGIC (10%) with ONGC as the operator. The Product Sharing Contract (PSC) was signed on 30.06.2010 and Petroleum Exploration License (PEL) was awarded on 30.07.2010.

2. Certain disputes have arisen under the Contract with respect to the Liquidated Damages (LD) against unfinished Minimum and Mandatory work Programme (UMWP) as defined under the PSC and policy/notification issued by GoI from time to time (hereafter referred to as "CoUMWP" and the interest accrued thereon. The parties gave their consent to refer the dispute to the Committee of External Eminent Persons/Experts, constituted under notification No.Expl.15022(13)6/2017-ONGC-V dated 16-12-2019 and partially modified notification No.Expl-15022(13)/6/2017-ONG-D-V(E-38889) dated 02-02-2023 issued by Ministry of Petroleum & Natural Gas, for dispute resolution.

3. The CEEE, vide email dated 18.08.2023 informed APGIC that, *the members of committee met and it appears to the committee that there exists element of settlement which may be acceptable to the parties and the committee proposes the following terms and conditions of settlement with a view to resolve the dispute amicably and finally members of the committee are confident that the parties will communicate their consent to the proposals to CEEE by 03.10.2023 to bring*

amicable closure to the long pending dispute. The Committee looking into the peculiar facts and special circumstances of the present case proposes that to commercially settle and to bring quietus to the long pending dispute, the Contractor may agree to pay total sum of USD 1,630,900 including interest (the "Settlement Amount") as per the following table:

Contractors	Total (USD)	Total (INR)
ONGC	1577200	131159952
APGIC	53700	4465692
Total	1630900	135625644

Conversion Rate applied: 1 USD= INR 83.16

4. The Contractor may agree to pay this amount, simultaneously to the signing of settlement agreement against written acknowledgment towards full and final settlement of the dues of GoI. Such Settlement Amount would include all monetary remedies of any kind relating to the Controversies, including but not limited to, equitable adjustments, interest, unpaid portions of amounts in prior invoices/demands under the Contract qua CoUMWP and interest thereupon. GoI may also agree to accept the above principal and interest amount from the Contractor as full and final settlement of all their dues towards COUMWP. The Contractor may also agree to accept the above settlement as full and final settlement. The Parties agree that they would be left with no claim of whatsoever nature against each other in respect of CoUMWP.

5. The MD, APGIC submitted that the CEEE has requested APGIC to send the consent on the proposal to the Committee for the above settlement by 03.10.2023. CEEE has categorically mentioned that it is not binding on the parties to abide by the settlement proposal. However, if the consent is not received on the proposed terms and conditions from the parties in full by 03.10.2023, the Conciliation proceedings before CEEE would automatically come to an end and would be treated as completed/terminated w.e.f. 04.10.2023 for all purposes including reckoning of interest as per clause 6.6 of the Gazette Notification dated 16.12.2019.

6. The Directorate General of Hydrocarbons (DGH) has informed that GoI also has consented to the proposed terms for a final settlement amount of USD 53,700 from APGIC. As the major stakeholders of the JV (ONGC) has decided to agree to the settlement order of the CEEE and other JV partner viz., APGIC has to submit their decision directly to Secretary, CEEE and hence, with the approval of the Government, APGIC has communicated the consent to the CEEE vide Lr.No.3/APGIC/CEE/, dated 03-10-2023. Subsequently, DGH also informed that the Settlement Agreement is to be signed and executed by the parties not later than 45 days from 11.12.2023 vide conciliation proceedings regarding Block KG-OSN-2009/2, dated 15-12-2023.

7. In this regard, the MD, APGIC has requested the orders from the Government regarding the demand of DGH for APGIC to pay USD 53,700 (settlement amount) (INR.44,65,692/-) by 25.01.2024.

8. Government, after careful examination of the proposal hereby accord the administrative sanction to MD, APGIC for an amount of USD 53,700 (settlement amount in Rs.44,65,692/-) towards payment settlement to Directorate General of Hydrocarbons (DGH) to pay the cost of unfinished work programme of one well SRI-5 {drilled as SRI-3(AC)}, By accepting the settlement offer by CEEE.

9. The Managing Director, Andhra Pradesh Gas Infrastructure Corporation shall take necessary action accordingly.

10. This order issues with the concurrence of the Finance Dept., U.O.No.FIN01-FMU0MISC/5/2024-FMU-IIEIC (Computer No.2326896), Dated 19-01-2024.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
The Managing Director, Andhra Pradesh Gas Infrastructure Corporation, Kakinada.

Copy to:
The P.S to Hon'ble Minister for I&I.
The P.S to Spl.C.S to Govt., I&I Department.
The Finance (FMU-I&I, Energy and I&C) Department.
(C.No.INI01-APGI/3/2023-Airports, Comp.No.220481)

//Forwarded :: By Order//

C. Kalyanam
SECTION OFFICER